Exhibit Resale-1

CURRICULA VITAE FOR RESALE PANELIST

I. JOSEPHINE MAHER

Ms. Maher has held various positions during her 22 years with Verizon and its predecessor companies. She began her career as a customer service representative with New England Telephone Co. and was promoted in 1984 to staff manager in the Human Resource Department. As staff manager Ms. Maher was responsible for training business customer service representative emphasizing product knowledge, provisioning, sales and billing for basic and complex services. In 1990 Ms. Maher accepted a position as a team leader and successfully managed, developed and motivated business customer service representatives. Ms. Maher was responsible for directly supervising 25 and indirectly supervising 85 customer service representatives. From 1993 through May 1996 she worked as a staff director for the Vice President in NYNEX's General Business Sales organization. In this position Ms. Maher was responsible for the departmental expense budget, staffing and managing the employee appraisal process.

Ms. Maher has been in her present position since 1996. She has been instrumental in developing the resale product line as required by the Telecom Act. As senior staff consultant, Ms. Maher has developed several resale products including Customized Routing which route operator services and directory assistance calls to an alternate operator services platform. Ms. Maher is also responsible for developing and maintaining resale regulatory fillings, tariffs and SGAT's, ensuring that Verizon is in compliance with FCC regulations and state regulatory bodies.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Expedited Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration	)	CC Docket No. 00-218
In the Matter of Petition of Cox Virginia Telecom, Inc., etc.	)	CC Docket No. 00-249
In the Matter of Petition of AT&T Communications of Virginia Inc., etc.	)	CC Docket No. 00-251

VERIZON VA'S DIRECT TESTIMONY ON NON-MEDIATION ISSUES
(CATEGORIES I AND III THROUGH VII)

NETWORK ARCHITECTURE

- DONALD E. ALBERT
- PETER J. D'AMICO

JULY 31, 2001

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, YOUR POSITION AND YOUR BUSINESS ADDRESS.

A. My name is Pete D'Amico. I am a Senior Specialist in the Interconnection Product Management Group for Verizon Services Corp. My business address is 416 7th Avenue, Pittsburgh, Pennsylvania 15219.

My name is Don Albert. I am Director - Network Engineering for Verizon Services Corp. (formerly, Bell Atlantic Network Services, Inc.). My business address is 600 East Main Street, Richmond, Virginia.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND EXPERIENCE, INCLUDING NON-VERIZON WORK EXPERIENCE.

A. (D'Amico) I have a Bachelor of Science in Marketing from Indiana University of Pennsylvania. I have been employed at Verizon and its predecessor companies for 17 years, in positions of increasing responsibility, and have been in product management dealing with interconnection arrangements for the last 11 years.

(Albert) I earned my Bachelor of Science degree in Civil Engineering from Virginia Tech in Blacksburg, Virginia, in 1977. Since then, I have had over 24 years of telecommunications experience with Verizon, Bell Atlantic and the C&P telephone companies. During this time, I have held a variety of positions of increasing responsibility in Network Operations, Sales, and Network Planning and Engineering. I

have been in my current position for four years. Prior to this position I was Director of Engineering, Planning and Capital Management for Bell Atlantic-Virginia.

Q. WHAT ARE YOUR RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. (D'Amico) My responsibilities include development, implementation, and product management of interconnection services.

(Albert) I am responsible for Point of Interconnection planning in the 14 jurisdictions in the Verizon East (former Bell Atlantic) service area. In addition, I am directly involved in the network implementation of CLEC interconnection, unbundling, and collocation arrangements and processes throughout Verizon East.

Q. HAVE YOU EVER TESTIFIED BEFORE?

A. (D'Amico) Yes. I testified in the Focal Arbitrations in the second quarter of 2000 in Pennsylvania and New Jersey, in the Pennsylvania § 271 hearings in the first quarter of this year, and in the Sprint Arbitration in Pennsylvania in July of this year.

(Albert) Yes. In connection with various CLEC arbitrations, state local competition proceedings, and state § 271 proceedings, I have previously testified before commissions in Virginia, New York, Massachusetts, Maryland, Pennsylvania, New Jersey, Delaware, New Hampshire, Maine, Washington, D.C., and West Virginia on a range of subjects associated with the design, engineering, and operation of telecommunications equipment and networks.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of our testimony is to present Verizon VA's position on network architecture issues and to address the issues that Cox, AT&T, and WorldCom have raised in this proceeding.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. We have grouped the network architecture issues by subject matter as those subject matters appear in Verizon VA's interconnection agreement. The subheadings track the subheadings used in that document. There were other network architecture issues raised in this proceeding, which are currently being addressed in mediation. If necessary, we will address those issues at a later date.

Q. PLEASE PROVIDE AN OVERVIEW OF YOUR TESTIMONY.

A. Our testimony explains why the Petitioners' proposals are an impermissible attempt to have Verizon VA subsidize their attempts to enter the local telephone market. The Petitioners attempt to do this by, for example, having Verizon VA bear costs that are actually caused by Petitioners' own decisions or by forcing Verizon VA to make network architecture decisions for the benefit primarily of the Petitioners and not for Verizon VA and its customers.

The main premise behind each one of Petitioners' network architecture issues is that Verizon VA should be financially responsible for the Petitioners' interconnection choices. This is the essence of Issue I-1, which affects all the remaining network

architecture issues. Simply put, if WorldCom, AT&T or Cox choose to locate only one point of interconnection ("POI") in a LATA, each should be financially responsible for hauling the Verizon VA-originated call to the distant POI when that call leaves the local calling area. Otherwise, Verizon VA would be forced to subsidize the Petitioners' costs of interconnection as well as their network design choices.

The Petitioners' demands far surpass their legal entitlements and would have far-reaching effects on Verizon's network architecture. Moreover, the Commission's decisions on these network architecture issues will affect many of the intercarrier compensation issues raised by the Petitioners. The cumulative effect of accepting the Petitioners' overreaching would be to force Verizon VA to subsidize the cost of Petitioners' entry into the local telecommunications market and create a disincentive to the Petitioners' deployment of their own networks.

II. POINTS OF INTERCONNECTION ("POI") AND TRUNK TYPES (ISSUES I-1, I-2, I-7, III-4-b, IV-2, VII-1, VII-3, VII-4, VII-5)

A. POINTS OF INTERCONNECTION

Q. WHAT IS A POI AND HOW DOES IT DIFFER FROM AN INTERCONNECTION POINT ("IP") (Issues I-1, VII-1, VII-3)?

A. A POI is where the ILEC and CLEC physically interconnect their respective networks. An IP is the place in the network at which one local exchange carrier hands over financial responsibility for traffic to another local exchange carrier. A POI and an IP may be at the same place but do not have to be. Pursuant to Verizon VA's proposal, Verizon VA is

financially responsible for delivering its traffic to the CLEC's IP. Once Verizon VA delivers traffic originating on its network to the CLEC's IP, then the CLEC is responsible for transporting the traffic to its customer.

Q. DID AT&T AGREE WITH THIS EXPLANATION OF A POI AND AN IP?

A. Historically, yes. AT&T's position in this arbitration, however, indicates that it no longer agrees with this explanation. Until the filing of this arbitration proceeding, AT&T and Verizon VA have consistently defined POI and IP, recognizing the difference between the terms. When AT&T filed its proposed interconnection agreement, however, it attached a Schedule Four containing new, proposed contract language. In this new language, AT&T defined POI as the place where the Parties physically exchange traffic **and** as the place where financial responsibility for this traffic changes hands. In essence, AT&T ignored over a year's worth of negotiation that recognized the distinction between a POI and an IP that we have explained. Moreover, this Schedule Four proposes other, new contract language that never has been the subject of negotiations between Verizon VA and AT&T. In this situation, with AT&T seeking to insert this language into this arbitration at the very last minute, the Commission should not consider the language contained in AT&T's Schedule Four.

Q. WHAT IS THE ESSENCE OF THE DISPUTE AMONG THE PARTIES REGARDING THE POI AND IP?

A. The issue, which is common to AT&T, WorldCom, and Cox, boils down to how to allocate fairly the transport costs between Verizon VA and the CLEC when Verizon VA

delivers originating traffic from a local calling area to a CLEC POI that is located outside of that local calling area. The CLECs want Verizon VA to bear the full transport cost when Verizon VA delivers originating traffic from a local calling area to a distant CLEC POI located within the LATA but outside of that local calling area. Verizon VA's position is that the IP, or location where financial responsibility shifts from Verizon VA to the CLEC, must be at a much more reasonable location so that the transport costs are fairly allocated between the carriers. The issue is not, as WorldCom states, whether a CLEC has the right to choose the location of its POI within Verizon VA's network. It unquestionably does. Rather, the issue is whether the CLEC should be financially responsible for its POI-location decision. If there is no financial accountability for the CLEC when it comes to the location for its POI, then the transport costs associated with hauling local calls outside of the local calling area to the distant CLEC POI are unfairly shifted entirely to Verizon VA. This encourages inefficient behavior and is unfair.

Q. WHAT DO YOU MEAN WHEN YOU STATE THAT THE PROPOSAL TO HAVE VERIZON VA INCUR THE COSTS OF TRANSPORT TO THE DISTANT POI ENCOURAGES INEFFICIENT BEHAVIOR AND IS UNFAIR?

A. In effect, Petitioners want Verizon VA to transport local calls as if they are toll calls simply because of the CLECs' decisions regarding where to locate their POIs. Verizon VA would bill its end users for a local call but would actually transport the call to a distant location that would normally be a toll point. It is neither equitable nor fair to shift transport costs to Verizon VA based on the CLECs' decision to locate their POIs outside of the local calling area. If there is no financial responsibility for the decision relating to

the location of the POI, there is no incentive for the CLEC to engage in efficient network behavior. This is why there must be an IP separate from the POI where financial responsibility for the call shifts.

Q. WOULD YOU PLEASE PROVIDE AN EXAMPLE ILLUSTRATING WHY PETITIONERS' POSITION IS UNREASONABLE?

A. Yes. Assume a Verizon VA customer located in Staunton, Virginia, calls a next-door neighbor whose local service provider is a CLEC. Further assume that the CLEC has chosen to locate its only POI in Roanoke, which is approximately 90 miles away, in the same LATA as Staunton but not in the Staunton local calling area. Under the Petitioners' suggested approach, Verizon VA would be required to carry the call many miles through multiple switches on its way to the CLEC's POI, but Verizon VA would still only charge its customer for a local call, which will most likely be a flat rate. Verizon VA also would pay the CLEC to terminate the call, even though it would, in essence, be a toll call because of the CLEC's choice as to the placement of its POI. In short, Verizon VA would typically not be able to bill its customer for its costs caused by the CLEC's choice of POI location, would not be able to charge the CLEC for that choice, and instead would have to pay the CLEC reciprocal compensation.

Juxtapose the foregoing scenario against one in which the Verizon VA customer in Staunton is calling another Verizon VA customer in Roanoke. In this latter scenario, Verizon VA would rightly be able to charge its customer originating the call toll charges for transporting the call 90 miles across the LATA. This is a strikingly different but more

equitable and efficient outcome than the unfair and inefficient approach the Petitioners propose.

Q. UNDER THE PETITIONERS' PROPOSAL, VERIZON VA DOES HAVE TO INCUR THE TRANSPORT CHARGES TO THE POI. BUT DO NOT THE PETITIONERS ALSO HAVE TO INCUR TRANSPORT CHARGES BACK TO THEIR LOCAL CUSTOMER IN STAUNTON?

A. No, because the Petitioners are most likely not carrying the call back to a residential customer in Staunton. It is far more likely that the Petitioners are instead dropping off the call to an ISP collocated at (or nearby) their switch (in Roanoke for this example). The CLECs have pulled off this "magic trick" by assigning numbers associated with a local calling area to their ISP customers, who are not located in that calling area, thereby creating the illusion of a local call. The CLECs typically have been returning relatively few, if any, calls back to the local calling area from where Verizon VA's customers have originated the calls. Accordingly, absent any credible evidence of actual facilities, Verizon VA asks this Commission not to give any weight to the Petitioners' arguments that they may make to the effect that they have to transport the calls back to the local calling area from their switch.

Q. HAS THE COMMISSION ADDRESSED WHO BEARS THE FINANCIAL RESPONSIBILITY FOR THE PETITIONERS' CHOICE OF A POI LOCATION?

A. Yes. The Commission recognized in its *Local Competition Order* that a CLEC that desires "a 'technically feasible' but expensive interconnection would, pursuant to section

252(d)(1), be required to bear the cost of that interconnection, including reasonable profits." *Local Competition Order* ¶ 199. The Commission also has recognized that "because competing carriers must usually compensate incumbent LECs for the additional costs incurred by providing interconnection, competitors have an incentive to make economically efficient decisions about where to interconnect." *Id.* at ¶ 209. The Petitioners' proposals, which would require Verizon VA to pay for the additional costs of the Petitioners' interconnection decisions, would remove any such incentive. There is nothing "efficient" about a carrier's interconnection decision if it is able to force other carriers to bear the costs of that decision.

Q. HAVE OTHER STATE COMMISSIONS ADDRESSED THIS ISSUE?

A. Yes. The South Carolina Public Service Commission ("South Carolina PSC") recently addressed this precise issue in an arbitration between AT&T and BellSouth and got it exactly right. In this decision, the South Carolina PSC recognized that if AT&T prevailed on this issue, AT&T would have succeeded in requiring BellSouth to subsidize AT&T's entry into the local exchange market in South Carolina. The South Carolina PSC held that its review of this Commission's orders did not suggest that CLECs were free to transfer the costs incurred by their interconnection choices onto the ILECs. In addition, the South Carolina PSC rejected AT&T's argument, advanced again by AT&T in this proceeding, that adopting BellSouth's proposal would force AT&T to build facilities to every local calling area served by BellSouth. Instead, the South Carolina PSC acknowledged that AT&T could lease facilities from BellSouth or from a different carrier. Further, because AT&T interconnected with almost every end office and access

tandem in BellSouth's territory, the South Carolina PSC concluded that the only equitable solution was to require AT&T to assume financial responsibility for its interconnection decisions. As the South Carolina PSC held:

> Requiring AT&T to pay for the costs of its interconnection choices to offset the costs imposed by those interconnection choices on BellSouth is the fair and equitable solution. AT&T's interconnection choices require the transport of local calls from one local calling area to another local calling area where AT&T's POI is located. As AT&T has contributed to the need and costs of these facilities, AT&T should pay for use of the facilities.[1]

The North Carolina Utilities Commission also has held that if AT&T interconnects at points within the LATA but outside BellSouth's local calling area from which the traffic originates, AT&T should compensate BellSouth or be responsible for transport beyond the local calling area.[2]

Q. HAVE ANY FEDERAL COURTS CONSIDERED THIS ISSUE?

A. Yes. In *U.S. West Communications, Inc. v. Jennings*,[3] and *U.S. West Communications, Inc. v. AT&T Communications, Inc.*,[4] federal courts in Arizona and Oregon determined that state commissions should consider whether the CLEC is choosing one POI per LATA to maximize the cost to the ILEC to gain an unfair competitive advantage. If so,

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[1] *In re Petitioner of AT&T Communications of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Interconnection Agreement with BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. § 252*, Docket No. 2000-527C, Order No. 2001-079 (Jan. 30, 2001) (South Carolina PSC) at 26-28.

[2] *In the Matter of Arbitration of Interconnection Agreement Between AT&T Communications of Southern States, Inc. and TCG of the Carolinas, Inc. and Bell South Telecommunications, Inc., Pursuant to the Telecommunications Act of 1996*, Docket Nos. P-140 Sub 73, P-646 Sub 7 (March 7, 2001) (North Carolina Utilities Commission) at 15.

[3] 46 F. Supp. 2d 1004, 1021-22 (D. Ariz. 1999).

[4] 31 F. Supp. 2d 839, 853 n. 8 (D. Or. 1998), *rev'd on other grounds, vacated in part*, U.S. West Communications, Inc. v. Hamilton, 224 F.3d 1049 (9th Cir. 2000).

then the state commissions should consider requiring the CLEC to compensate the ILEC for costs resulting from inefficient interconnection.

Q. DOES VERIZON VA HAVE A PROPOSAL TO ADDRESS THESE TRANSPORT ISSUES?

A. Yes. Pursuant to its geographically relevant interconnection point ("GRIP") proposal, Verizon VA makes IPs available at either the terminating end office wire center serving the Verizon VA customer or the tandem wire center subtended by the terminating end office serving the Verizon VA customer. Thus, Verizon VA is offering to the Petitioners their choice of interconnection points that are located within a reasonable distance of their customers originating the call. If the Petitioners have assigned telephone numbers in a rate center, they also should have customers or facilities near by to facilitate interconnection unless they are gaming the number assignment system. Verizon VA's proposal also allows the Parties to agree to alternative points of interconnection – such as an end-point fiber meet or a mid-span fiber meet.

Q. HAS VERIZON VA DEVELOPED AN ADDITIONAL PROPOSAL?

A. Yes. As a compromise between the Petitioners' proposal and Verizon VA's GRIP proposal, Verizon VA has developed its Virtual Geographically Relevant Interconnection Point ("VGRIP").

Q. PLEASE DESCRIBE VERIZON VA'S VGRIP PROPOSAL.

A. Under VGRIP, Verizon VA may request that the CLEC establish an IP at a collocation site in each Verizon VA tandem wire center where the CLEC chooses to assign telephone

numbers. If Verizon VA only operates one tandem in a LATA, then Verizon VA may designate additional VGRIP locations, such as host end office wire centers. In addition, either Party may designate a CLEC collocation site at any Verizon VA wire center as the CLEC IP for traffic originating from that end office. Under VGRIP, Verizon VA would incur more than its share of the transport cost, but it would be able to deliver its traffic to the CLECs at a more central location. Verizon VA would be responsible for the costs of hauling this traffic from the Verizon VA customer to the designated Verizon VA VGRIP tandem wire center or end office wire center where the CLEC is collocated, even though that location may be beyond the local calling area of the originating customer. The CLEC is then responsible for delivering the call from this central location to the CLEC customer. If a CLEC elects not to establish an IP at the VGRIP locations, then Verizon VA will deliver its traffic to another CLEC-designated location and the CLEC will be financially responsible for the transport outside of the local calling area. This proposal represents a significant compromise to share network expenses, to minimize CLEC interconnection locations, and to hub those locations at places where the CLEC may often already be collocated.

Q. DOES VGRIP ADVERSELY AFFECT THE PETITIONERS' ABILITY TO COMPETE IN THE LOCAL TELECOMMUNICATIONS MARKETPLACE?

A. No. As noted above, under Verizon VA's VGRIP proposal, Verizon VA may continue to be responsible financially for delivering traffic outside of the local calling area. In addition, if the Petitioners do not intend to serve any customers in a particular area, their ability to compete is not hampered. In those areas where Petitioners do intend to

compete, they do not need to build facilities throughout the area. Petitioners can build facilities up to a single point in each LATA and then purchase those facilities they need from Verizon VA or from another carrier to reach the local calling areas they want to serve.

Q. IN ITS RESPONSE TO VERIZON VA'S SUPPLEMENTAL ISSUE VII-1, AT&T STATES THAT EACH PARTY SHOULD BE FREE TO INDEPENDENTLY CHOOSE THE POINT OF INTERCONNECTION THAT BEST SERVES THAT CARRIER'S NEEDS, WHICH WILL NOT PREJUDICE THE POINT OF INTERCONNECTION CHOSEN BY THE CARRIERS. IS THIS TRUE?

A. No. Pursuant to AT&T's proposal, AT&T unilaterally chooses the POI for Verizon VA. AT&T's Schedule Four, which, as we previously explained, should not be considered, states

> 1.1 VERIZON ***shall*** permit AT&T to interconnect at any technically feasible point on the VERIZON network, including, without limitation, Tandems, End Offices, outside plant facilities, and customer premises. The point where the Parties interconnect shall be called a Point of Interconnection ("POI"). Such POIs ***shall*** be used to (1) deliver ESIT originating on AT&T's network to VERIZON and (2) to exchange Transit Traffic and Meet Point Billing Traffic.
>
> 1.2 At AT&T's ***sole*** discretion, AT&T will establish one or more POIs within a LATA in which AT&T offers local exchange service.
>
> 1.3 VERIZON ***shall*** interconnect to the AT&T network (*i.e.*, establish a POI) for the delivery of ESIT originating on the VERIZON network at such point mutually agreed to between the Parties or, ***lacking mutual agreement, at each respective AT&T Switch*** serving the terminating end user.[5]

[5] AT&T Proposed Interconnection Agreement, Schedule Four §§ 1.1 - 1.3 (emphasis added).

There is nothing free or independent about the "choices" AT&T proposes to give Verizon VA. In AT&T's Reply to Verizon's Exhibit B at page 1, AT&T claims that "each party is in the best position to determine the [POI] at which to deliver its originating traffic to the other party as long as the originating party was willing to pay for transport to reach that [POI.]." This principle, however, is not reflected in AT&T's proposal. In fact, this statement is entirely inconsistent with AT&T's position on this issue. AT&T contends it has the unilateral ability to choose the POI, even Verizon VA's POI, and has ignored Verizon VA's explanation of why AT&T's POI stance is inequitable because it forces Verizon VA to bear a disproportionate share of AT&T's interconnection costs. Verizon VA's GRIP and VGRIP proposals more equitably share the costs of building the joint-use transport network the two carriers require to interconnect by giving both carriers financial responsibility for portions of that joint-use network.

Moreover, contrary to its claim in its response, AT&T's proposed Schedule Four does not "track" the Commission's "recent clarification," nor does it conform to Verizon VA's model interconnection agreement. In its Reply, AT&T also contends that the Commission's recent *Intercarrier Compensation NPRM* "clarified the respective responsibilities that ILECs and CLECs have to pay for the transport of their own originating traffic." As a matter of fact, the Commission has called it into question. In discussing the single POI rules in the *Intercarrier Compensation NPRM* at ¶ 114, the Commission stated that it was "concerned that the interplay of our single POI rules and reciprocal compensation rules may lead to the deployment of inefficient or duplicative networks."

Q. DO VERIZON VA'S GRIP OR VGRIP PROPOSALS ABROGATE AT&T'S RIGHTS UNDER THE ACT?

A. No. Verizon VA's proposal is fully consistent with the Act because it permits AT&T to designate its POI anywhere in the LATA while it fairly compensates Verizon VA for the costs Verizon VA incurs when AT&T chooses to implement an inefficient and costly method of interconnection.

Q. DOES AT&T'S PROPOSAL, AS IT CLAIMS IN ITS RESPONSE TO ISSUES VII-4 AND VII-5, PERMIT THE "MUTUAL" AND "RECIPROCAL" RECOVERY OF COSTS RELATED TO TERMINATING CALLS ORIGINATED ON ANOTHER CARRIER'S NETWORK?

A. No. There is nothing "reciprocal" or "mutual" about AT&T's proposal. If the Commission accepts AT&T's proposal, AT&T will have the unilateral ability to pick its POI, and if AT&T chooses not to "mutually agree" to the POI designated by Verizon VA, AT&T chooses where that point or points will be located. Because Verizon VA has more places on its network from which AT&T can pick and choose where to deliver its originating traffic, AT&T can limit its transport costs. It limits its transport costs because with more points at which AT&T can "drop off" its originating traffic, the fewer miles its traffic travels before it is handed off. When AT&T's originating traffic only has to travel a few miles, it follows that the transport expenses will be less costly. On the other hand, when AT&T picks its one POI per LATA, Verizon VA has no choice about where it can drop off its originating traffic and, thus, can be forced to transport it over great distances.

The obligations under AT&T's proposal are not comparable but onerous. Contrary to AT&T's proposal, Verizon VA's GRIP and VGRIP proposals provide both Parties with choices such that each Party takes responsibility for the origination, transport, and termination of its traffic.

B. DIRECT END OFFICE TRUNKING/DISTANCE SENSITIVE CHARGES

Q. HAVE WORLDCOM AND COX RAISED ISSUES REGARDING DIRECT END OFFICE TRUNKING (ISSUE I-2)?

A. Yes, but their issues are somewhat different, though related to each other. WorldCom states that the issue is whether Verizon VA can require WorldCom to receive Verizon VA traffic at a Verizon VA end office and then transport that traffic back to the network free of charge. Cox states that Verizon VA may not require Cox to eliminate its mileage-sensitive rate element as a component of its entrance facilities rate. Both of these issues become moot, however, if the Commission finds in favor of Verizon on Issue I-1.

Q. WITH RESPECT TO WORLDCOM'S ISSUE, SHOULD VERIZON VA BE PERMITTED TO ESTABLISH A CLEC IP AT A PETITIONER'S COLLOCATION SITE?

A. Yes. As an option under Verizon's Virginia VGRIP or GRIP proposal, either Party may designate an existing CLEC collocation site at a Verizon VA wire center as the CLEC IP for Verizon VA traffic originating from that end office. This is an efficient use of facilities because the Petitioner already has existing facilities in place between the collocation site and the Petitioner's switch. Since both Parties have a presence in the Verizon VA wire center, it is a natural point to exchange traffic. Requiring Verizon VA

to build new facilities between the Verizon VA end office and the Petitioner's POI is inefficient because it would require Verizon VA to duplicate already existing facilities. It serves no purpose other than to load unnecessary costs on Verizon VA.

Q. SHOULD THE COMMISSION ACCEPT COX'S POSITION THAT WOULD PERMIT PETITIONERS TO CHARGE VERIZON VA DISTANCE-SENSITIVE CHARGES (Issue I-2)?

A. No. As previously explained, Verizon VA should be permitted to request an IP at a collocation cage at the end office if the Petitioner has a collocation site at that location. The CLECs should be financially responsible for the transport from the collocation site to its switch. If the Commission disagrees with Verizon VA's position and makes Verizon VA financially responsible for delivering its originating traffic to the POI when Petitioners establish one POI anywhere in the LATA, which it should not, then Verizon VA should not have to pay a distance sensitive rate element. Verizon VA's proposal limits the amount a CLEC could charge to a non-distance sensitive entrance facility charge. This is only fair for the same reasons Verizon VA provides in support of its position on Issue I-1. Verizon VA is limited in its options with respect to where it can deliver its originating traffic and should not bear the financial consequences resulting from a CLEC's decision to select a distant POI.

Cox's position on this issue is particularly troubling because it refuses to allow Verizon VA to build its own transport to the Cox IP. Cox believes that it has the right (1) to establish its IP anywhere in the LATA, ignoring the location of the telephone numbers

("NXXs") that it chooses to assign, (2) to refuse to permit Verizon VA to build its own transport facilities to that distant IP location, and (3) to charge Verizon VA distance sensitive rates, in addition to non-distance sensitive rate elements, for transport to Cox's distant IP location. If Cox is allowed to charge distance sensitive rates to Verizon VA for the transport to the far-away IP, it would be levying toll-like charges on Verizon VA for a call that originates and terminates in a local calling area. Cox is essentially arguing that it has the right to force Verizon VA to operate inefficiently, and to charge Verizon VA for the privilege. Instead, Cox should be responsible for the costs caused by its choice of an inefficient interconnection location. The Commission should see this Cox proposal for what it is – yet another attempt at "regulatory arbitrage" intended to force the incumbent to ship cash to the CLEC with a purposely-designed network trick. Like internet reciprocal compensation, this network trick does nothing to advance competition or improve economic efficiency. Its only purpose is to force Verizon VA to pay for the privilege of interconnecting with Cox. It should be rejected.

Q. DOES AT&T HAVE A POSITION ON WHETHER DISTANCE SENSITIVE CHANGES ARE APPROPRIATE?

A. Yes. The issue with respect to AT&T is whether it should be permitted to charge Verizon VA distance-sensitive charges if Verizon VA purchases transport to an AT&T IP. Pursuant to AT&T's proposal, AT&T only offers Verizon VA a limited number of IPs. In those instances when Verizon VA must purchase transport from the POI to an AT&T IP, it may have to provide transport over a significant distance. In this situation, Verizon VA should not have to bear distance-sensitive charges.

C. FORECASTS

Q. WHAT IS THE DISPUTE REGARDING FORECASTS (ISSUES I-7)?

A. Issue I-7 is a Cox issue regarding whether Cox should have to provide Verizon VA with forecasts of how much traffic originated by Verizon VA will be sent to Cox for termination. Cox is willing to provide Verizon VA with a trunk forecast for trunks carrying calls from Cox's network to Verizon's network. Cox, however, is not willing to provide Verizon VA with a trunk forecast for trunks carrying calls from Verizon VA's network to Cox's network. Verizon VA's position is that Cox should provide inbound and outbound traffic forecasts because Cox is the only Party who can reasonably make such forecasts.

Q. WHAT IS THE ORIGIN OF THE TRUNK FORECASTING PROCESS CURRENTLY USED BY VERIZON VA AND THE CLECS?

A. The trunk forecasting process was developed through a New York PSC collaborative working group. The New York PSC staff, Verizon, and the CLECs participated in this effort. The trunk forecasting collaborative was part of a larger effort by the New York PSC to develop operational performance standards, remedies, and penalties. The trunk forecasting process from the New York collaborative requires the CLECs to provide semi-annual trunk forecasts for both the trunks carrying calls from the CLECs' network to Verizon's network, as well as the trunks carrying calls from Verizon's network to the CLEC's network.

Q. IS THE TRUNK FORECASTING PROCESS FROM THE NEW YORK PSC COLLABORATIVE USED IN VIRGINIA?

A. Yes, this process is used in Virginia. It is also used in the 13 other Verizon East states.

Q. WHY DOES VERIZON VA NEED A TRUNK FORECAST FROM COX?

A. Verizon VA uses trunk forecasts from Cox, and all CLECs, in its process to size and time the additions of switching equipment to its switching machines - the switching infrastructure for trunks. The planning, engineering, ordering, and installation of this equipment requires relatively long lead times. Trunk forecast information is used to decide how big an addition to make (sizing), as well as when to engineer and order the addition (timing). Having sufficient trunking capacity in place on Verizon VA's switches, in advance of provisioning interconnection trunks between Verizon VA's switches and Cox's switches is critical to Verizon VA's ability to offer standard trunk provisioning intervals and to meet operation performance standards for trunk provisioning and trunk blocking.

Q. IS VERIZON VA OR COX BEST ABLE TO FORECAST THE INTERCONNECTION TRUNKS REQUIRED TO CARRY TRAFFIC FROM VERIZON'S NETWORK (SWITCHES) TO COX'S NETWORK (SWITCHES)?

A. Cox is able to best forecast this information. This is why the CLECs agreed to this approach in the New York PSC trunk forecasting collaborative. The growth in CLEC interconnection trunks has been explosive and volatile. For example, last year in Virginia, trunks carrying calls from Verizon VA's network to the CLECs' network grew

106% (103,000 trunks in service EOY 2000 and 50,000 trunks in service EOY 1999). If Cox targets customers who primarily receive calls, like ISPs, and Cox knows that most of those calls originate from Verizon VA end users, then only Cox knows how many trunks will be required for the traffic that originates on Verizon VA's network. The CLEC is the only Party privy to its own marketing plans. This factor, by far, has the greatest influence on the need (both trunk quantities and trunk installation timing) for interconnection trunks required to carry calls from Verizon VA's network to the CLEC's network.

D. UNDERUTILIZED TRUNK GROUPS

Q. VERIZON VA WANTS THE RIGHT TO TERMINATE TRUNK GROUPS WHEN THOSE TRUNK GROUPS ARE UNDERUTILIZED. WHY SHOULD VERIZON VA HAVE THIS RIGHT (Issue III-4-b)?

A. Without the right to disconnect excess trunk groups when they are significantly underutilized, Verizon VA will not be able to manage its network in an efficient manner. This could have a negative impact on the quality of service provided by Verizon VA to all carriers if unneeded trunks are left in service for one carrier. Verizon VA is responsible for the operational performance (amount of trunk blocking) for the final trunk groups carrying calls from Verizon VA's network to AT&T's network. Verizon VA has proposed that it would disconnect excess interconnection trunk groups operating at a utilization level under 60%. Trunk group utilization data is developed from monthly traffic studies based on the actual load and calling volumes carried by the trunk group. Utilization for a trunk group is a ratio of "trunks required" to "trunks in service." For a specific trunk group, "trunks required" is the calculation of the number of trunks needed

to provide service at the engineering design level, based on the actual traffic loads carried by the trunk group during the study period. "Trunks in service" is the actual number of trunks in operation during that period. Verizon VA uses this utilization measurement to monitor and add/or disconnect trunks for itself and for the CLECs. The 60% utilization level proposed by Verizon VA is lower than the utilization at which Verizon VA operates its own network. Verizon VA will provide the trunks required to provide service to the CLECs, but Verizon VA must have the right to engineer and manage these trunk groups the same way, and at the same grade of service, as Verizon VA engineers and manages trunks within its own network. AT&T should not be able to force Verizon VA to provide it with a grade of service greater in quality than what Verizon VA provides itself, by refusing to disconnect underutilized trunks. AT&T does not pay for these trunks; Verizon VA does. If they are not being utilized efficiently, Verizon VA should be allowed to disconnect them – unless AT&T agree that it will pay for the unneeded extra capacity, which is not a commitment it has been willing to make.

E. TWO-WAY TRUNKING

Q. IN ITS PETITION, WORLDCOM CLAIMS THAT VERIZON VA BELIEVES THAT IT SHOULD BE ABLE TO REFUSE TO USE TWO-WAY TRUNKING. IS THAT TRUE? (Issue IV-2)?

A. No. Contrary to WorldCom's claim, Verizon VA is not opposed to offering WorldCom two-way trunks. Verizon VA does maintain, however, that the Parties need to agree on the standards that need to be maintained by ***both*** Parties for two-way trunking architecture, and reflect that understanding in the interconnection agreement.

Q. WHY SHOULD VERIZON VA AND WORLDCOM REACH MUTUAL AGREEMENT ON THE STANDARDS FOR TWO-WAY TRUNKING?

A. Verizon VA and WorldCom need to reach mutual agreement on the standards for two-way trunking because both Parties' traffic would travel over the same trunks. Network integrity depends on such agreement. Imagine if there were no traffic laws when driving an automobile. There would be no rules as to which side of the road to drive on or at what speed. For the same reason, there must be agreement on the standards applicable to two-way trunking over the same trunks. Because two carriers are sending traffic over the same trunk from the two ends, the actions of one affect the other – such as if one sends an unannounced increase in traffic that causes blocking of the other carrier's traffic. Numerous CLECs have agreed to the same terms and conditions for two-way trunking that Verizon VA has proposed to WorldCom. In Virginia, fifteen CLECs reached such agreement. WorldCom has offered no explanation as to why it should be different on this issue from the other CLECs in Virginia.

Q. WHY DOES WORLDCOM OBJECT TO VERIZON VA'S TWO-WAY TRUNKING PROPOSAL?

A. WorldCom objects to Verizon VA's two-way trunking proposal because WorldCom disagrees with Verizon VA's GRIP and VGRIP proposals. WorldCom is adamant that Verizon VA should be financially responsible for WorldCom's interconnection decisions. Accordingly, WorldCom objects to Verizon VA's attempts to establish efficient interconnection. WorldCom is also opposed to deploying additional trunks to end offices once the final trunk group going to the tandem reaches 240 trunks. This limitation

protects Verizon – and all the carriers and customers using its network – against early tandem exhaust.

III. ALTERNATIVE INTERCONNECTION ARRANGEMENTS (ISSUES I-3, III-3, III-3-A, V-2)

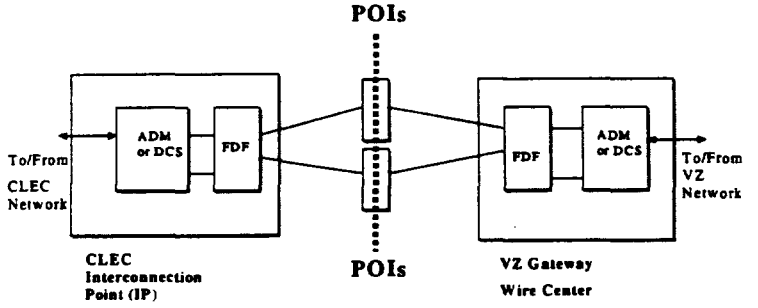
A. MID-SPAN FIBER MEET POINT INTERCONNECTION

Q. WHAT IS A MID-SPAN FIBER MEET POINT OF INTERCONNECTION (Issue III-3)?

A. A mid-span fiber meet point of interconnection is an alternate form of local interconnection architecture where Verizon VA and the CLEC generally share equally the costs to build the facility and equally split the capacity for transport. The arrangement must occur pursuant to mutual agreement between Verizon VA and the CLEC. Prior to provisioning, a Memorandum of Understanding ("MOU") is developed to memorialize the terms, conditions, technical and operational details, and rates of the mid-span fiber meet. Once the MOU is completed and signed, it becomes an addendum to the interconnection contract. Mid-span fiber meet interconnection differs from traditional interconnection arrangements in that it requires both parties to jointly construct matching and compatible facilities.

The diagram below depicts the mid-span fiber meet point of interconnection.

Mid-Span Fiber Meet diagram



Q. AS AT&T AND WORLDCOM PROPOSE, SHOULD THE SELECTION OF A FIBER MEET POINT METHOD OF INTERCONNECTION BE AT THE PETITIONERS' DISCRETION?

A. Absolutely not. Such interconnection must be by mutual agreement because this form of interconnection requires a high degree of joint provisioning, maintenance and utilization. This type of interconnection is also based on location, size, and type of facilities available and to be installed, as well as potential cost sharing for any new installations. The Parties must agree, among other things, on traffic type, equipment used, compensation, maintenance, and POI locations. In addition, the Parties must reach some understanding on traffic forecasts and make sure that compatible equipment and electronics are being used. The resolution of these issues is normally dependant upon the specific site selected for the mid-span meet.

Any mid-span fiber meet arrangement must take into consideration where Verizon VA has available fiber. If Verizon VA does not have the fiber available for the arrangement, it would have to provision it specifically for the CLEC's interconnection. The

Commission, however, has recognized that "a requesting carrier that wishes a 'technically feasible' but expensive interconnection would, pursuant to section 252(d)(1), be required to bear the cost of that interconnection, including a reasonable profit." *Local Competition Order* ¶ 199. Thus, if Verizon VA must specially construct fiber for a CLEC in order to establish a mid-span fiber meet unilaterally ordered by CLEC, without any prior agreement with Verizon VA, the CLEC would have access to a "superior" or not yet existing network. In effect, this is a specific, special order for which the ordering CLEC must pay all costs.

Q. HOW MUCH WOULD IT COST VERIZON VA TO "BUILD OUT" ITS FACILITIES FOR A MID-SPAN FIBER MEET?

A. The cost of a particular mid-span fiber meet (for both Verizon VA and the CLEC) can vary widely based upon a number of factors. The transmission capacity will determine the size and type of terminating electronics. Obviously, the longer the build out or fiber length, the higher the fiber cost. The point of interconnection location may present some issues and require some conditioning or expense to make acceptable the mid-span fiber meet. The most important point to remember, however, is that each Party is responsible for the cost of its "build out." It would be inequitable to allow the CLEC unilaterally to declare where a fiber mid-span fiber meet point should be located, maximizing the cost of the mid-span fiber meet arrangement to Verizon VA. This is why there must be mutual agreement to proceed with this kind of arrangement.

Q. DOES VERIZON VA HAVE A MID-SPAN FIBER MEET POINT OF INTERCONNECTION WITH ANY OF THE PETITIONERS IN VIRGINIA?

A. Yes. Verizon VA and Cox reached mutual agreement on the specifics of a mid-span fiber meet arrangement in Virginia. Verizon VA sees no reason why AT&T and WorldCom cannot follow Cox's lead and reach agreement with Verizon VA on this issue.

Q. CAN VERIZON VA ESTABLISH AN END POINT OR MID-SPAN FIBER MEET POINT OF INTERCONNECTION WITHIN 120 DAYS (Issue III-3-a)?

A. In most cases, yes, provided that there is agreement on when the 120 days starts to run. Verizon VA believes that the 120 day implementation interval to construct the mid-span fiber meet cannot begin until the Parties sign a MOU and not, as AT&T claims, 10 days after Verizon VA receives AT&T's response to its questionnaire. As previously discussed, the Parties need to negotiate the technical and operational details specific for each unique arrangement before construction, engineering, and implementation work can begin. For instance, if the CLEC wants to use an exotic piece of equipment, such as a special fiber optic multiplexer with a long vendor delivery time, or if there is a large amount of new fiber optic construction needed, Verizon VA will not be able to establish a mid-span fiber meet within 120 days. As it is, the 120 days represents an expedited interval for Verizon VA to engineer, order, accept, and turn-up *standard fiber optic multiplexer* equipment from its vendors within its own network. Nevertheless, once the Parties have signed the MOU that defines the technical specifics of the mid-span fiber meet, Verizon VA can usually establish a mid-span fiber meet point of interconnection within 120 days.

2B. RECIPROCAL COLLOCATION

Q. NONE OF THE THREE PETITIONERS WANT TO MAKE COLLOCATION AVAILABLE TO VERIZON VA AT THE PETITIONERS' FACILITIES. IS THAT WHAT YOU MEAN BY RECIPROCAL COLLOCATION (Issue I-3)?

A. Yes. Verizon VA is merely seeking the right to terminate its traffic using its own facilities via a collocation arrangement. When Verizon VA collocates at a CLEC's premises, Verizon VA builds its transport facilities into the CLEC's Point of Presence (POP) or central office. Verizon VA builds or places fiber optic cables from one of its central offices into the CLEC's central office. Next, Verizon VA installs a fiber optic system or ring by placing one OC-48 multiplexer in its central office and the companion OC-48 multiplexer in the CLEC's central office. All the CLEC provides Verizon VA is power and space for the Verizon VA multiplexer in the CLEC's central office.

Q. WHY SHOULD VERIZON VA BE GIVEN THE OPTION OF COLLOCATING AT PETITIONERS' FACILITIES?

A. Just as Verizon VA has provided the Petitioners with several options at which they can interconnect with Verizon VA, they should give Verizon VA similar options. This is a common sense approach to interconnection because it gives both Parties to an interconnection agreement several selections from which they can choose what is best for each of them. If Verizon VA is not given the option of bringing its interconnection trunk into the CLEC's facility, the CLEC can force Verizon VA to hire it as a transport vendor without any assurance that the transport rates it will charge are reasonable.

Simply stated, because Verizon VA is required by the Telecommunications Act to interconnect with a carrier, it is clearly reasonable that Verizon VA have available to it the same types of interconnection choices that are available to a CLEC so as to provide the most efficient type of interconnection. Thus, a CLEC should be required to provide Verizon VA reciprocal interconnection at reasonable rates, similar to those charged by Verizon VA, or in the alternative its rates for transport should be limited to Verizon VA's transport rates, absent a showing by the CLEC of greater costs. Verizon VA should have the right to collocate so that Verizon VA is not left only with the option of purchasing facilities from the CLECs – at rates that are typically unconstrained by any form of regulation.

Q. EVEN IF PETITIONERS ARE NOT LEGALLY REQUIRED BY THE ACT TO PERMIT VERIZON VA TO COLLOCATE AT THEIR FACILITIES, WHY SHOULD THE COMMISSION ORDER THIS ARRANGEMENT?

A. It is a matter of fairness. Even though they are not required by the Act to offer collocation at their facilities, Petitioners' argument that they should not do so misses the point. Verizon VA is not asking this Commission to exercise its authority under the Act to compel the Petitioners to provide Verizon VA with reciprocal collocation. Verizon is asking this Commission to recognize that each individual Petitioner is the only Party who is in the position to offer this service to Verizon VA. As stated earlier, without this option, the Petitioners could force Verizon VA to haul local traffic over long distances and if they have their way, charge Verizon VA distance-sensitive rates for the privilege. This is an invitation for abuse. Thus, it is only equitable that Petitioners offer Verizon

VA interconnection choices comparable to those Verizon VA offers to them. These would include purchasing transport at reasonable rates and building its own facilities and collocating at the CLEC's premises.

C. INTERCONNECTION TRANSPORT

Q. AT&T HAS RAISED AN ISSUE REGARDING THE APPROPRIATE RATE FOR VERIZON VA TO CHARGE FOR TRANSPORT PURCHASED FOR PURPOSES OF INTERCONNECTION--THE UNE TRANSPORT RATE OR THE CARRIER ACCESS RATE. WHAT OPTIONS DOES AT&T HAVE FOR DELIVERING ITS TRAFFIC TO VERIZON VA'S IP (Issue V-2)?

A. There are four options: First, AT&T can collocate and purchase UNE interoffice facilities ("IOF") to connect its collocation space to its switch location. Second, AT&T could purchase transport from a third-party vendor. Third, AT&T could self-provision the transport to the Verizon VA IP. Fourth, AT&T could purchase the transport from Verizon VA's access tariffs. It is with respect to this fourth option that AT&T has raised its issue regarding what rates it should pay.

Q. WHEN AT&T CHOOSES THIS FOURTH OPTION, WHAT RATES SHOULD AT&T PAY?

A. Because AT&T is purchasing transport from Verizon VA's access tariffs, AT&T should pay the appropriate transport rates from the access tariff. The appropriate rate is not the UNE transport rate, which AT&T wants to pay. When AT&T elects this fourth option, AT&T is not utilizing its established collocation arrangement. By the Commission's own definition, in order to qualify for UNE IOF, AT&T needs to establish a collocation

arrangement. A UNE IOF is an unbundled component between two central offices in the network in which some form of collocation is necessary for AT&T to interconnect with the appropriate Verizon VA central office. To access UNE IOF, AT&T needs to use its own facilities, not Verizon VA's. Verizon VA charges AT&T the access rate when it purchases transport from Verizon VA without a collocation arrangement because it provides AT&T an end-to-end service.

Q. WHAT DO YOU MEAN BY AN END-TO-END SERVICE?

A. When a carrier purchases transport service from the access tariff, Verizon VA provides the transmission facilities and the functionality associated with that transport service from the POI to the Verizon VA switch. This functionality includes the electronics that would normally be in the carrier's collocation arrangement, the cross-connects that run from the collocation site to the Verizon switch, and the ports on the switch itself.

Q. IF VERIZON VA'S POSITION IS REJECTED AND AT&T IS ABLE TO PURCHASE TRANSPORT FROM VERIZON VA AT UNE RATES UNDER THE FOURTH OPTION, WITHOUT COLLOCATION, HAS AT&T CREATED A NEW UNE COMBINATION?

A. Yes. If AT&T receives interconnection transport at UNE rates without a collocation arrangement, AT&T will have created a new UNE combination without the accompanying "necessary and impair" analysis that this Commission would need to perform. This new UNE combination would consist of a mid-span meet, UNE IOF, a

switch port, and a loop. Given the multiple alternatives available to AT&T, the necessary and impair test could not be met.

IV. TRANSMISSION AND ROUTING OF EXCHANGE ACCESS TRAFFIC (ISSUE VII-6)

Q. TO WHAT EXTENT HAVE VERIZON VA AND AT&T AGREED THAT WHEN AT&T ORDERS DS-3 FACILITIES IT SHOULD ORDER THOSE FACILITIES TO THE VERIZON VA CENTRAL OFFICE THAT IS DESIGNATED AS AN INTERMEDIATE HUB LOCATION (Issue VII-6)?

A. The Parties have not been able to reach agreement on this issue. AT&T refuses to order "Muxed DS-3" facilities to a Verizon VA central office designated as an intermediate hub location for local interconnection trunks, as it has as an interexchange carrier for years. With a "Muxed DS-3" the carrier orders a DS-3 that is multiplexed down into 28 separate DS-1s that all ride on the same DS-3. This is a different arrangement than when a carrier orders a regular DS-3, where Verizon interconnects the full 45 megabit DS-3 bandwidth to the carrier, without providing any multiplexing.

Q. WHAT ARE INTERMEDIATE HUB LOCATIONS?

A. Intermediate hub locations are those locations designated in the National Exchange Carrier Association ("NECA") 4 Tariff that are capable of handling the multiplexing of 28 individual DS-1 facilities into a DS-3 facility. To provide this service for multiple carriers, Verizon VA uses a 3x1 electronic digital cross connect machine located in its central office.